A Ph.D. Synopsis entitled

“The Role of Securities and Exchange Board of India ‘Awareness Programs' in the Growth of Retail Investors in Marathwada Region”

Swami Ramanand Teerth Marathwada University,Nanded

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Research Scholar

Ms. Renuka Krishnarao Pathak

Research Supervisor

Dr.Parturkar Madan Sakharam

M.com, SET, Ph.D, G.D.C & A.

Head & Associate Professor

Faculty of Commerce and Management

SHRI SHIVAJI COLLEGE PARBHANI

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SYNOPSIS

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“You’re neither right nor wrong because other people agree with you. You’re right because your facts are right and your reasoning is right-and that’s the only thing that makes you right.”

-Warren Buffett, the world’s most successful investor.

Introduction:-

The Securities and Exchange Board of India (SEBI) plays a vital role in regulating and developing the Indian financial markets. Established in 1988, SEBI is the primary regulatory authority for securities markets in India. Its principal objective is to protect investors, maintain market stability, and promote the development of the securities market. In this article, we will explore the functions and role of SEBI, highlighting its importance in safeguarding investor interests and strengthening market integrity in the Indian context. SEBI has also taken several measures to improve investor protection in India. One of the most important of these measures is enhancing disclosure requirements. Companies are required to provide comprehensive and timely information to investors about their financial performance, corporate governance practices, and other relevant matters. SEBI has also imposed stricter norms for auditors and credit rating agencies to ensure that they perform their duties with integrity and professionalism. Indian Capital market have shown tremendous growth in the post Liberalization era. It remains one of the most resilient globally and poised to be one of the top destinations for domestic and global business to expand and invest into. It promotes economic growth through the mobilization of long term saving and the savings get invested in the economy for productive purpose. The capital market deals with capital. Capital Market is generally understood as a market for long term funds and investments in long term instruments available in this market. Capital markets mean the market for all the financial instruments, short term and long term as so commercial industrial and government paper.

Generally, for the economic growth of a country an investment plays very important role. People expect best returns by investing some portion of their hard-earned income into stock

Historical Background

1. Establishment of SEBI in 1988

SEBI was first established in 1988 as a non-statutory body to regulate the securities market in India. Its primary goal was to curb malpractices and promote transparency in the Indian financial markets.

2. Statutory powers granted in 1992

In 1992, SEBI was granted statutory powers by the Government of India through the SEBI Act, 1992. This empowered SEBI to regulate and develop the securities market more effectively, thereby ensuring investor protection.

3. Evolution of SEBI's regulatory framework

OVER THE YEARS, SEBI HAS CONTINUOUSLY EVOLVED ITS REGULATORY FRAMEWORK TO KEEP PACE WITH THE RAPIDLY CHANGING FINANCIAL MARKETS. IT HAS INTRODUCED VARIOUS MEASURES, SUCH AS DEMATERIALIZATION OF SECURITIES AND ELECTRONIC TRADING, TO ENHANCE MARKET EFFICIENCY.

ROLE OF SEBI IN THE INDIAN FINANCIAL SYSTEM

1. Strengthening market integrity

Preventing market manipulation and insider trading

SEBI has implemented stringent regulations to prevent market manipulation and insider trading. It closely monitors market activities and investigates any suspicious transactions to ensure a fair and transparent trading environment for all participants.

2. Facilitating capital market growth

Encouraging innovation and new product development

SEBI plays a vital role in fostering innovation and growth in the Indian capital market by approving new financial products and instruments. This enables market participants to diversify their investments and manage risks more effectively.

Expanding market participation

SEBI has taken various initiatives to expand market participation by simplifying the investment process and making it more accessible to retail investors. It has introduced measures such as e-KYC (electronic Know Your Customer) and one-time registration for multiple market segments to facilitate seamless participation in the securities market.

3. Enhancing international cooperation

Collaborating with foreign regulators

SEBI actively collaborates with foreign regulatory authorities to share information, expertise, and best practices. This helps enhance its regulatory capabilities and address cross-border market challenges more effectively.

Adhering to global best practices

SEBI strives to adopt global best practices in its regulatory framework, thereby aligning the Indian securities market with international standards. This promotes investor confidence and attracts foreign investments to the Indian market.

Concept of Investor

An investor can be defined as a legal entity or a person investing surplus in some business enterprise though he is not carrying on that business himself. Except the powers given under any statute the investor has no say in the management of the business. The Investor may deposit his or its savings in the assets of any venture, or the securities of any enterprise or in collective investment schemes. For a gain or for investment an investor provides funds either as capital or debt for any business. The motive behind investing in the securities of a corporation is the return on his capital invested and the appreciation of his principal amount. The main difference between investor and speculator is the level of risk he is willing to undertake. Typically an investor would try to reduce his risk while maximizing return, whereas a speculator is ready to take greater risk in the so that he may gain more than-average profits.

The term Retail Investor

Is elucidated in Section 2(zf) of the SEBI (ICDR) Regulation, 2009: “An individual investor or retail investor or small investor is an individual who purchases securities for his or her own personal account rather than for an organization or company”. Retail investors ordinarily trade in much smaller amounts than institutional investors such as mutual funds, pensions, or university endowments. Retail investor are those who apply for the allotment of

shares with bid amount not more than Rs.2 lakh come under this category. NRI's who apply with less than Rs.2 lakh are also considered as RII category

Investor rights

Ach investor will be allotted a UCC i.e. a unique client code. ¬ The investor should trade only on his/ her unique UCC. ¬ Investor should place only with member brokers once all norms are fulfilled. ¬ Investor has the right to receive the contract note for transactions done. ¬ He/ she can get the details of all charges he has paid. ¬ He/ she should get the securities as well as refunds if any on time. ¬ He/ she should can ask for a copy of statement of accounts from the member/broker. ¬ He/ she has right for redressal in case of any grievance, fraud or unfair brokerage. ¬ He/ she also has a right to arbitration/ grievance redresal mechanism for settlement of his claim. ¬ He/ she can challenge the arbitration award before court of law.

IMPORTANCE OF RETAIL INVESTORS FOR CAPITAL MARKET

All over the world one can see that wherever retail investors have participated in the capital markets that economy has soared. This in turn depends upon the protection guaranteed to them in terms of a safe, cost effective and transparent dealing. The investment of surplus by retail investors is dependent upon the confidence they have in the market and its trading and redressal mechanism. To put it in other words, the better the investor protection the faster is the capital formation in that country

SEBI RECENT MEASURES TO IMPROVE PARTICIPATION OF RETAIL INVESTORS:-

1. Access of nation-wide trading terminals
2. Better participation in IPOs,
3. Mandatory public shareholding,
4. Mutual Funds schemes for retail investors
5. T+2 settlement cycle,
6. Depository/ demat of shares,
7. Regulations for intermediaries,
8. Application supported by blocked amount (ASBA),
9. Stricter Corporate Governance norms

Origin of the Research problem or statement of the problem

There are some problem faced by investor's lack of knowledge, multiplicity of charges' fear of tax liability etc. Because of this many investors are not ready to invest their money in stock market they give preference to bank and other financial institutions etc. But today SEBI should organized investor awareness program to educate the investors about the stock market securities and their benefits. SEBI ensure orderly and healthy growth of capital markets with adequate protection to investors that's why we see today the continuous growth of investor in stock market.

Review of Literature

This section covers the review of literature of some of the important studies, research papers, various national as well as international journals, published articles in various official standard books & referring to various websites on the internet on different aspects of SEBI

E.Gordon & K.Natarajan (2010) Financial Market and Services.

According to Yadav M. (2014)1 , Indian stock exchange plays a very important role in channelizing money from the investor to the industries and vice versa. Stock exchanges help in issuing securities, payment of dividend, redemption of securities, issuance of other financial instruments etc. Stock exchanges give reasonable, clear and well-organized securities market to the investors with other advance technique of securities trading. The major objectives behind the establishment of stock exchanges was to provide stock market access to investors from all over the country on one platform and working on the pattern of international financial markets. With the growing stock trading techniques and changing regulatory atmosphere, it is necessary to evaluate the working of stock exchanges.

Yadav, Maneesh. (2014). Role of Stock Exchange and Investor Protection in India: An regulatory framework of stock exchange. Researcher in his paper examines the structure and working of stock exchanges and investor protection by stock exchanges. He also suggests measures to protect the interest of the investors.

According to Madem S. and Subbarao P. (2014)2 , Indian economy is recognised as the most reliable one for investments in different avenues due to its strong judiciary system. Investor protection is important for any investment. Otherwise no market can sustain and

grow. Securities and Exchange Board of India is a market regulator of India as we know and one of its objectives is to educate and protect the investors.

SEBI is recognised as the most respected regulator among the regulators in India. Since 1992, SEBI as an autonomous body making rules and regulations and revising them as per the changing market dynamics and protecting investors restlessly till now. Despite of all its efforts, there are some gaps between investor protection and investor satisfaction. Through this study among three districts (Vizianagaram, Srikakulam and Visakhapatnam) the researchers have tried to unhide the facts about investor satisfaction against protection. While the data provide a quantitative measure of the work accomplished by SEBI, they do not measure its impact on the efficiency of the market.

As Gokarn (1996) points out that exercise is complicated by the quick pace at which many of these developments have taken place as well as the number of other factors that affect the efficiency of the securities markets. Yet another aspect that is not addressed in this paper is the cost of regulation to issuers. The regulatory activity of SEBI imposes a cost on issuers. However, in the absence of an analysis that measures the impact of the regulation on the efficiency of the market, it is not possible to assess whether the cost incurred is justified by the benefits. A related and more basic concern relates to SEBI‘ s approach to coming up with new regulations. Several of the provisions add to the cost of administration and compliance with the regulations. The requirement of having IPOs graded, minimum dilution, mandatory illiquidity on a part of the owner managers‘ holding are instances of provisions that add to the cost of administering and complying with the regulations

There 2 Madem S. and Subbarao P. (2014), “Customer awareness about SEBI Investor Protection Act, 1992: A case study among Vizianagaram Srikakulam and Visakhapatnam Districts”, IOSR Journal of Business and Management (IOSR-JBM)e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 16, Issue 9.Ver. IV (Sep. 2014), PP 30-40Overview. 9. 91-100

Need and significance of the study

Investors in the stock market are growing by the day. It is very essential to know what attracts the retail investors towards equities despite its constant volatility. The main purpose of this study is to throw light on the equity investment of retail investors in Marathwada region. The present study will help to understand the behaviour of retail investors when investing in equities. It will also help to understand the attributes considered by investors when investing in equities. The study on retail investors’ behaviour towards equity

investment in the stock market will help to analyse the mind-set of the investors while investing in equities in the stock market. Interacting with investors is not only about giving them information but also enlightening them about the risks involved by investing in equities which may not have strong fundamentals. Although therefore may be studies done in this field the investment pattern of retail investors in Marathwada are rarely analysed.The study highlight the impact of SEBI's performances on investors' investment behaviour.

Objectives of the Study:

1) To assess the impact of SEBI on the investment tendencies of retail investors.
2) To examine SEBI's activities regarding the stock exchange.
3) To investigate the problems faced by retail investors in study area.
4) To study the satisfaction of retail investors regarding SEBI's regulations and rules.
5) To understand SEBI's awareness programs and educational activities for retail investors to assist them in evaluating securities.

Hypotheses of the study:

1) There is SEBI primarily set up to protect the interests of retail investors in the securities market.
2) There is encouragement by SEBI to investors for education in stock market.
3) There are awareness programs initiated by SEBI for the development and protection of retail investors.
4) SEBI always tries to secure investors from the prohibition of fraudulent and unfair trade practices.

Research Methodology:

In view of the specific objectives enumerated, an in-depth study of the growth of retail investors has been conducted in selected districts of Parbhani, Nanded, Latur, and Sambhaji Nagar in the Marathwada region. In this regard, special emphasis needs to be given to the methodology. The study is based on data collected from both primary and secondary sources in the Marathwada region.

Data Collection:

The study will be based on both primary and secondary data.

Primary data collection:

The researcher has collected primary data through discussions, personal interviews with well-structured designed questionnaires of beneficiaries. Regarding study based on research subject.

Secondary data collection:

Secondary data will be collected from Book, Magazine, News Paper, Journals, Articles, report, Government documents and research thesis etc.

Sampling Design

In the present study, the researcher will collect data by filing well-structured questionnaires of 400 respondents selected from four district. For present study on the basis of simple purposive random sampling method. The sampling design is formulated for the purpose of the collection of primary data from Four district in Marathwada region.

In order to know the problems faced by the retail investors in the selected district & to suggest measures to overcome those problems & to bring more transparency in the system, a sample of 400 investors will be selected for the study. The sample will be based on the convenient & representative sampling. 100 retail investors from each of the district selected under study will be taken as random sampling.

Tools and techniques for data analysis:

The collected data is analysed and tabulated in table followed by the text. The data was scrutinized, verified and analysed with the help of simple statistical tools and techniques, like percentage, average, Growth rate comparison along with tables, graphs, charts, diagrams, for data analysis.

Scope of the study:

This study on equity investment by retail investors will help to understand the investment pattern, investment objectives and the investor behaviour towards equities. It will also help investors analyse the trends in the market and then take better investment decisions. This study is important, as it will not only help existing investors in making better decisions while investing in the stock market but also will help new investors planning to enter the stock market to make the right choices. Hence the area of this study will cover four district of Marathwada region

Geographical scope- The study covered in four district from Marathwada region.

Temporal scope- The study will cover the 05 years that will from 2020-21 to 2024-25 for the purpose of secondary data.

Expected Outcomes:

The enactment of the SEBI Act within the context of other statutes such as the Companies Act, Depositories Act and Securities Contracts Regulation Act has provided a strong regulatory framework for the Indian market. Strengthening SEBI's power in the investigative, administrative and legal aspects of enforcement would enable it to speedily address legal challenges such as those faced during dematerialization or disclosure requirements. In the future, SEBI should adopt more transparency to gain higher public confidence. This study will help investors make informed decisions about their investment and understand provide support from SEBI.

Limitation of study's:-

- The research study is limited to four district in Marathwada regiononly.
- The study focuses on SEBI's awareness programs only.
- The present study is limited to 400 retail investors investing in equities through random.
- The study is related with only growth of retail investors in selected district in Marathawada region.

Chapter Frame Work:-

Chapter 1: Introduction

Chapter 2: Review of Literature

Chapter 3: Profile of Study Area

Chapter 4: Impact of Selected districts on retail Investors Growth

Chapter 5: Data Collection & Analysis

Chapter 6: Finding and Conclusion

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